

TOP SECRET

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Mr. Watts

Note on Memorandum by John Davies Entitled

"CALCULATED INDISCRETION TO BE
COMMITTED BY AMBASSADOR HENDERSON"

The purpose of the proposed action is, as I understand, to deter Communist China from attacking Formosa or entering into the fight in Korea.

The essence of the suggestion is that we permit it to become known to the Chinese Government that in the event that it takes either of these two actions the United States will consider itself at war, and not only deal with such Chinese forces as may be met in the field but also strike at the bases of Chinese power.

I would urge that in the event any such message is conveyed it should be accompanied by a statement of another kind, something of the following nature:

That it be explained again that our interposition in Formosa was taken as a necessary protective action while we were dealing with aggression in Korea.

That when and as that aggression was defeated the American Government will consider ending its interposition vis-a-vis Formosa provided a) it is so requested by the United Nations and b) Communist China gave trustworthy pledges that it would not take any aggressive action against any of the independent countries of Asia.

Herbert Feis

S/P: HFE: amh
7-12-50

TOP SECRET

S/P Memorandum - Suggested Action

CALCULATED INDISCRETION TO BE
COMMITTED BY AMBASSADOR HENDERSON

This paper presents a suggestion for certain action on our part which might help deter direct aggression by the Chinese communists during the present international crisis. This suggestion does not pretend to be a formula for inhibiting indirect aggression.

The potential objects of Chinese communist direct aggression are Formosa, Korea, Hong Kong, Macau, Indochina, and Burma. The threat of open action against Formosa and Korea appear at this juncture to be the most likely and imminent. In the case of Formosa, Peiping has militantly proclaimed its intention to "liberate" it. The impulses to join openly in the Korean conflict are of a lesser and different order-- Korea is not "lost" Chinese territory, it is not even in any conceivable sphere of Chinese influence, it is regularly in the Soviet sphere.

We can assume that certain factors are at work in shaping Peiping's decisions on whether or not it should embark upon a course of military adventurism. They are irridentism, expansionism, Soviet pressure and inducements, strategic anxieties, ideological zeal, the enormous demands of internal problems, emotional anti-Americanism-- and miscalculations of our intentions.

Now, in traditional diplomacy there are two procedures by which a government seeks to influence, either directly or through intermediaries, the decisions of another government. One is through inducement. The other is through intimidation. This proposal does not deal with possible inducements which

we might offer the Chinese. It suggests a possible line of intimidation to be conveyed through an intermediary.

The maneuver proposed below may have little influence on Peiping's decisions now being reached and looming in the future. However, in view of the great importance to us of the threat of widespread aggression, it is incumbent upon us to try every possible means (including the more old-fashioned devices of diplomacy)-to dissuade Peiping from greatly enlarging and prolonging the crisis in the Far East. Obviously, this démarche should not be made unless we are satisfied that we can militarily make good on the threats implied thereon.

It is suggested that Ambassador Henderson's contacts with the Indian Government be utilized to get certain ideas across to the Indians at this time which will probably be relayed to the Chinese Communists in one form or another. Henderson should be told that the Department attaches great importance to the possibilities for discussion by him with Indian officials, particularly Bajpai, of problems affecting the Chinese Communists and wishes to communicate to him certain ideas which it feels he could usefully leave with the Indians in such discussions. He should not seek interviews formally for this purpose and should not give the impression that he is speaking under instructions from his Government. Rather, he should convey the impression that his remarks are made in extreme candor, almost to the point of indiscretion, occasioned by his own concern for the unfavorable consequences which might flow for all of Asia from a foolish and adventurous line of conduct on the part of the Chinese communists. He should intimate, however, that his remarks are based on more
than

than just his own analysis of events: that he has influential friends in Washington with whom he is in contact and has good reason to know what is in the minds of the people charged with the formulation of policy here. It should be emphasized to Henderson that he is to play this in his own way and use his own discretion to the full in determining how and in what manner to accomplish this mission.

There follows some of the thoughts which Henderson might convey:

The kind of government China has is fundamentally of minor importance to the United States so long as that government is ^{INDEPENDENT AND} peace illy inclined. It is deeply engrained in the American character to live and let live, provided that such an outlook is reciprocated. The basic United States position is as simple as that.

We understand the internal strains and external pressures under which the Peiping regime is operating and that in such an atmosphere the possibilities of miscalculation and rash action are greater than in the case of more stable, mature and fully independent countries. It would be unfortunate indeed were the Chinese communists to be provoked, pressured or bought by the Kremlin into undertaking a course of military adventurism in the Far East. It would be unfortunate not only in the broad international sense but also from the point of view of communist China itself. At this period of history every sane and constructive consideration dictates that the Peiping regime should devote itself to reconstruction

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reconstruction and internal development. Its problems at home are of staggering magnitude and require all of the effort which the new regime can muster. To play dupe to the Russians at this time would be not only to neglect what so sorely needs to be done domestically but to provoke counter-action exceedingly painful and damaging to the Peiping regime.

Peiping's outlook is evidently strongly conditioned by ideological hallucinations that the United States will gratuitously take military action against the Chinese mainland. It requires no stretch of the imagination to believe that the Kremlin is heaping fuel on these delusions. It is clear, however, that the position of the United States, as indicated in the President's statement of June 27, is not aggressive. Our objective in the Korean conflict is to demonstrate that aggression in Asia does not pay and to fulfill the obligations imposed by the Security Council resolution. There exists on this basis no threat, real or implied, to such pitiful sovereignty as China exercises over Manchuria. We have even refused the Generalissimo's offer of nationalist forces in Korea. As for Formosa, we realize that the action which we have taken is disagreeable to Peiping. But Peiping must realize that in the crisis created by the aggression from Northern Korea and in the light of Peiping's truculent policy of alignment with the USSR, we were forced to take precautionary measures against the possible spread of chaos into the Western Pacific. If our intentions with respect to Communist China had been

aggressive

aggressive we would not have interdicted offensive action from Formosa against the mainland. Our fundamental position with respect to Formosa in the current extreme international tension is that the stability and peace of the Western Pacific necessitated putting the Formosan problem on ice for the time being. We have done that on our own responsibility. As for Indochina, our action there is likewise transparently defensive.

The decision whether hostilities in Korea are to be localized or to spread southward rests solely with the Chinese communists. We will not initiate an enlargement of the field of hostilities in Asia or elsewhere. But if the Chinese communists take overtly hostile action in any of the danger points in East Asia, we will of course be compelled to react. Peking may as well disabuse itself now of any illusions, self-induced or implanted by the Kremlin, regarding our resolution on this score.

If the Chinese communists openly take hostile action against us we will react in a manner of our own choosing and with the full intention of localizing the conflict. More specifically, if the Chinese communists join the North Koreans in force, they will have imposed upon us the necessity of retaliating; it will be they who have made the choice that hostilities be carried over the Korean border into China. And in so doing we have alternative choices of action to invasion (for we have utterly no interest in conquering or occupying China); we have the alternative of naval and air action against military objectives contributing to the

Chinese

Chinese aggression in Korea. Similarly, in the event of hostile action against our fleet in the Formosa strait, we would seek at first to localize the action, but if the Chinese communists undertook to intensify and enlarge the hostilities, we would in a corresponding fashion be compelled, much against our desires, to carry our retaliatory action to the sources from which the blows against us stemmed. And so it would be in other danger points around the Chinese periphery. In this connection the Indian Government might reflect on what action it would take were Chinese aggression to spread westward across Burma.

If Peking accepts the role of Kremlin provocateur and engages in widespread military aggression, it can in the end only do grave damage to itself. For widespread military adventurism by the Chinese communists from Korea to Indochina (and even Burma) will compel the United States to take retaliatory action which can, if Peking persists, ultimately result in the destruction of the rail, water and road carriers of the Chinese transportation system and the thin industrial base of Chinese economy. The implications of this could be that China would eventually be reduced to the level of a peasant society and that progress toward the modernization of China would be set back a decade or more.